

## Message Text

PAGE 01 STATE 182042

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QUOTE: LIMITED OFFICIAL USE EC BRUSSELS 07184

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TAGS: PFOR, ETRD, EEC, AF, TD, FJ

SUBJECT: JULY 14-15 ACP-EC COUNCIL OF MINISTER-SUBSTANTIVE  
DISCUSSIONS BUT NO MAJOR DECISIONS

REFS: (A) EC BRUSSELS 6966; (B) EC BRUSSELS 2262; (C) STATE 72298

1. SUMMARY: ACP SECRETARIAT, COMMISSION AND PERMDEL OFFICIALS TELL US THAT DESPITE SHARP ACP COMPLAINTS OVER TRADE ISSUES AND EC FAILURE TO CONSULT, THE JULY 14-15 ACP-EC COUNCIL MEETING WENT SMOOTHLY, WITH NO UNEXPECTED DEVELOPMENTS. ONE COMPLAINT WAS THAT THE NON-FAT DRY MILK (NFD) COMPULSORY PURCHASE SCHEME DAMAGED ACP PEANUT MEAL TRADE. THE COUNCIL AGREED TO THE ACCESSION OF THREE COUNTRIES JOINING THE LOME CONVENTION (REF TELS B&C). TO IMPROVE CONSULTATIVE PROCEDURES AND RESOLVE OUTSTANDING TRADE ISSUES, THE COUNCIL AGREED TO SUBMIT OUTSTANDING ISSUES TO A SPECIAL "PRESIDENTIAL" MEETING IN THE CALL. THE ACPS HAVE NOW ELECTED THEIR SECRETARY GENERAL, KONATE OF MALI. OFFICIALS HERE ARE PLEASED WITH THE BUSINESSLIKE APPROACH OF THE MINISTERS, BUT ARE THAT SEVERAL ACP ISSUES ARE POTENTIALLY EXPLOSIVE.  
END SUMMARY.

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PAGE 02 STATE 182042

2. THE ACP-EC COUNCIL OF MINISTERS HELD ITS FIRST MEETING ON JULY 14-15 IN BRUSSELS. THE FORTY-SIX AFRICAN, CARIBBEAN AND PACIFIC (ACP) COUNTRIES WHICH SIGNED THE LOME CONVENTION ATTENDED ALONG WITH OBSERVERS FROM THE SIX COUNTRIES WHICH

HAVE APPLIED FOR ACCESSION TO THE CONVENTION. THE PRESIDENT OF THE ACP MINISTERIAL COUNCIL KING, GUYANA MINISTER OF TRADE, AND DUTCH FOREIGN VAN DER STOEL PRESIDED OVER THE MEETING. ACP SECRETARIAT OFFICIALS TELL US THAT THEY WERE SATISFIED WITH THE COUNCIL RESULTS, BUT THE MEETING FAILED TO RESOLVE A NUMBER OF ISSUES, PARTICULARLY ACP TRADE COMPLAINTS.

3. SIX NEW MEMBERS: THE COUNCIL AGREED TO ACP MEMBERSHIP FOR THREE FORMER OVERSEAS DEPENDENCIES: SURINAM, THE CAMORES AND THE SEYCHELLES. THE EC WILL NOW DISCUSS THE SPECIFICS OF APPLYING THE CONVENTION TO THESE COUNTRIES; FORMAL ACCESSION IS EXPECTED TO TAKE PLACE SHORTLY.

4. THE COUNCIL ALSO APPROVED IN PRINCIPLE THE ACCESSION OF THREE OTHER STATES WHOSE ECONOMIC STRUCTURES AND PRODUCTS ARE CONSIDERED COMPARABLE WITH THE ACP STATES. THESE COUNTRIES ARE CAPE VERDE, SAM TOME AND PRINCIPE AND PAPUA-NEW GUINEA. (PROSPECTIVE ENTRY OF THESE SIX WAS DISCUSSED IN REFTEL B&C.) THE COMMISSION HAS RECEIVED FROM THE COUNCIL OF MINISTER A MANDATE TO NEGOTIATE WITH CAPE VERDE AND SAM TOME AND PRINCIPE ACCESSION AGREEMENTS EXCEPT THE FINANCIAL PROTOCOLS. COMMISSION OFFICIALS SAY THAT ON THE SIDELINES OF THE COUNCIL THAT THEY HAVE VIRTUALLY COMPLETED THESE NEGOTIATIONS. THE COMMISSION WILL NOW SEEK A MANDATE IN SEPTEMBER TO NEGOTIATE WITH PAPUA-NEW GUINEA. OFFICIALS EXPECT NO PROBLEMS IN COMPLETING THE NEGOTIATIONS. NEVERTHELESS, IT WILL TAKE ABOUT 18 MONTHS BEFORE THE ACCESSION AGREEMENTS FOR THESE THREE COUNTRIES ARE RATIFIED. IN THE INTERIM, THE EC WILL LIKELY UNILATERALLY PROVIDE TO THEM THE TRADE CONCESSIONS WHICH ARE OFFERED TO ALL ACP MEMBERS.

5. FINANCIAL PROTOCOLS: THE COUNCIL ALSO NEEDS TO AGREE TO FINANCIAL SUPPORT FOR THESE THREE COUNTRIES THROUGH THE EUROPEAN DEVELOPMENT FUND (EDF). COMMISSION OFFICIALS SAY THEY PLAN TO PROPOSE AN INCREASE OF THE EDF OF ABOUT \$30 MILLION OVER THE NEXT FOUR YEARS OF WHICH PAPUA-NEW GUINEA WOULD RECEIVE AT LEAST HALF. THE THREE FORMER DEPENDENCIES LIMITED OFFICIAL USE  
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PAGE 03     STATE 182042

ALREADY HAVE EC AID ALLOCATIONS WHICH WILL NOW BE TRANSFERRED TO THE EDF.

6. TRADE ISSUES: ACP COUNTRIES CLAIMED THAT THE EC HAD FAILED TO CONSULT ADEQUATELY WITH THEM BEFORE SUBMITTING ITS GSP TROPICAL PRODUCT OFFER TO THE MTN AND BEFORE ESTABLISHING QUOTAS AND PRICES FOR SEVERAL ACP EXPORTS. ACP REPRESENTATIVES SAID THE GUARANTEE PRICE FOR SUGAR IMPORTED DURING CAMPAIGN YEAR 1976/77 WAS TOO LOW AND THE ADDED COST OF A STORAGE TAX FURTHER REDUCED ACP EARNINGS. THE ACP'S ALSO COMPLAINED THAT THEIR BEEF AND VEAL EXPORTS WERE BEING HAMPERED BY EC SAFEGUARD CLAUSES, A HIGH IMPORT LEVY AND THE ISSUANCE OF IMPORT LICENSES FOR ONLY SIX MONTHS. THEY ALSO

CHARGED THAT THE EC LOWERED THIS YEAR'S QUOTA FOR ACP RUM IMPORTS WITHOUT CONSULTING WITH THEM. ACP BANANA EXPORTS CLAIMED THAT THEIR EC MARKET WAS BEING UNDERCUT BY LATIN AMERICAN EXPORTS. THE ACP COUNTRIES WERE DISSATISFIED OVER THEIR SHIPMENTS OF COCOA AND GROUNDNUT CAKE. THEY ALSO COMPLAINED ABOUT THE COMMUNITY'S NFDN COMPULSORY PURCHASE SCHEME (WHICH IMPOSED AN IMPORT DEPOSIT REQUIREMENT ON CHEESE AND OILSEED MILK INCLUDING PEANUTS) ON THE GROUNDS THAT THIS ACTION DIMINISHED THE USE OF PEANUT MEAL. THE COUNCIL DID NOT RESOLVE ANY OF THESE ISSUES BUT AGREED TO ASK THE COMMITTEE OF AMBASSADORS TO STUDY THESE COMPLAINTS AND TO CREATE A MINISTERIAL "TASK FORCE" TO CONSIDER ISSUES THAT THE AMBASSADORS CANNOT RESOLVE. THE IDEA IS TO INTENSIFY EC/ACP CONSULTATIONS AND TO EXCHANGE INFORMATION BEFORE THE EC BEGINS INTERNAL NEGOTIATIONS ON IMPORT ARRANGEMENTS AND PRICE GUARANTEES NEXT YEAR.

7. THE CONCIL ALSO AGREED TO HOLD A MEETING OF THE TWO COUNCIL CHAIRMEN IN OCTOBER OR NOVEMBER TO TAKE UP ISSUES THAT WERE NOT RESOLVED AT LOWER LEVELS. KING HAS JUST FINISHED HIS SIX MONTH TERM AS ACP COUNCIL PRESIDENT. FIJI IS NOW IN LINE TO MONINATE THE NEXT PRESIDENT, WHO WILL LIKELY REPRESENT THE ACP COUNTRIES AT THIS MEETING. HOWEVER, SHOULD THE APPOINTMENT OF THE FIJI COUNCIL PRESIDENT NOT BE MADE IN TIME, THE CURRENT ACTING PRESIDENT, GARBA JAHUMPA, GAMBIA MINISTRE OF FINANCE AND TRADE, WOULD REPRESENT THE ACP. THE COUNCIL PRESIDENTS WOULD BE ASSISTED BY SELECTED MINISTERS AND COMMISSION OFFICIALS.  
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PAGE 04 STATE 182042

EC OFFICIALS SAY THAT THIS MEETING WILL LIKELY NOT BE HELD IN BRUSSELS, BUT NO SITE HAS YET BEEN DECIDED ON. THEY ADD THAT THIS NEW "SUMMIT LEVEL" MEETING IS DESIGNED TO MITIGATE THE FRUSTRATION THAT THE ACP COUNTRIES FEEL OVER THEIR DIFFICULTY IN INFLUENCING EC POLICIES. THEY SEE THIS MEETING PRIMARILY AS A MEANS OF INCREASING UNDERSTANDING AND NOT AS A DECISION-MAKING BODY.

8. INDUSTRIAL COOPERATION: THE COUNCIL AGREED TO THE STATUTES AND OPERATIONAL RULES OF THE CENTER FOR INDUSTRIAL DEVELOPMENT. THIS CENTER, WHICH WILL BE IN THE NEW BRUSSELS HEADQUARTERS OF THE ACP SECRETARIAT, WILL PROMOTE PRIVATE INVESTMENT IN THE ACP'S. THE COMMISSION PLANS TO APPOINT A FULL-TIME STAFF TO RUN THE CENTER. THE COUNCIL ALSO AGREED TO A 12 MEMBER COMMITTEE ON INDUSTRIAL COOPERATION WHICH WILL BE MADE UP OF EUROPEAN AND ACP BUSINESSMEN. THE COMMITTEE WILL ADVISE THE CENTER.

9. FISCAL AND CUSTOMS ARRANGEMENTS ON AID: THE EC IS CONCERNED OVER AN ACP PROPOSAL TO TAX AND APPLY CUSTOM DUTIES ON AID CONTRACTS FOR THE PURCHASE OF GOODS AND SERVICES FINANCED BY

THE EC. THE EC CLAIMS SUCH A PRACTICE WOULD ESTABLISH A PRECEDENT IN AID FINANCING WHICH THE EC WANTS TO AVOID. THE COUNCIL DID NOT REACH AGREEMENT ON THESE ARRANGEMENTS, BUT COMMISSION OFFICIALS ARE NOW HOPEFUL THAT A SATISFACTORY SOLUTION CAN BE WORKED OUT AT THE AMBASSADORIAL LEVEL.

10. ACP SECRETARY GENERAL ELECTED: THE ACP MINISTERS ELECTED MALIAN FINANCE MINISTER AND FORMER PRESIDENT OF THE MALI DEVELOPMENT BANK, TIEOULE KONATE, AS THEIR NEW SECRETARY-GENERAL. AT THEIR DECEMBER 1975 MEETING IN BLANTYRE THE MINISTERS HAD ELECTED EDWIN CARRINGTON OF TRINIDAD AS THE DEPUTY SECRETARY-GENERAL. THESE OFFICIALS ARE EXPECTED TO ASSUME THEIR POSTS IN THE EARLY FALL. PERMDEL AND COMMISSION OFFICIALS ARE PLEASED OVER THESE SELECTIONS. THEY NOTE THAT SO FAR FOR THE ACP SECRETARIAT HAS BEEN INEFFECTIVE AND THEY HOPE NEW LEADERSHIP WILL CHANGE THINGS.

11. NEXT MEETING: THE ACP COUNTRIES WERE BITTER OVER THE EC'S LONG DELAY IN ANSWERING THEIR INVITATION TO HOLD THE JULY COUNCIL MEETING IN FIJI. KING DESCRIBED THE COMMUNITY'S LAST LIMITED OFFICIAL USE  
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PAGE 05     STATE 182042

MINUTE REFUSAL TO ACCEPT FIJI AS THE MEETING SITE AS A "SERIOUS DIGRESSION FROM THE NORMS OF INTERNATIONAL CONDUCT". THE ACP COUNTRIES HAVE AGAIN PROPOSED FIJI AS THE VENUE FOR THE NEXT MEETING, WHICH WILL PROBABLY BE HELD IN THE LATE SPRING, 1977. EC OFFICIALS, WHO DID NOT WANT THE ADVERSE PUBLICITY OF TRAVELING TO FIJI, BELIEVE THEY CANNOT TURN DOWN THIS SECOND INVITATION.

12. EC ASSESSMENT: COMMISSION AND EC PERMDEL OFFICIALS SAY THE MEETING WENT AS WELL AS COULD BE EXPECTED. THEY WERE DISTURBED OVER ACP ACCUSATIONS THAT THE EC WAS NOT CONSULTING ADEQUATELY WITH THEM AND WILL ENDEAVOR TO IMPROVE NORMAL EXCHANGES OF VIEWS. THEY ALSO ARE AWARE THAT SEVERAL OF THE ACP TRADE ISSUES

ARE POTENTIALLY EXPLOSIVE AND SPECIAL EFFORTS WILL BE NEEDED TO DEFUSE THESE COMPLAINTS. THEY HAVE IN MIND, FOR EXAMPLE, AN INFORMAL EXTENSION OF SOME ACP SUGAR QUOTAS BEYOND THE CAMPAIGN YEAR ENDING JUNE 30. THE COMMISSION WANTED THE COUNCIL TO HAVE AN UNSTRUCTURED DISCUSSION ON UNCTAD, CIEC AND OTHER INTERNATIONAL ISSUES. THE EC MEMBER STATES RESISTED THIS BECAUSE THEY WERE NOT PREPARED. NEVERTHELESS, EC OFFICIALS ARE PLEASED THAT THE ACP MINISTERS GOT RIGHT DOWN TO SUBSTANTIVE DISCUSSIONS. UNLIKE THE PREVIOUS YAOUNDE COUNCIL MEETINGS, THEY BELIEVE THE FIRST EC-ACP COUNCIL ESTABLISHED THE WELCOME PRECEDENT OF BEING A REAL DECISION-MAKING BODY IN WHICH PARTICIPANTS SPOKE THEIR MINDS. WE ARE FORWARDING BY AIRGRAM A COPY OF THE DETAILED PRESS RELEASE. MORRIS  
UNQUOTE ROBINSON

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